

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-06 IO-10 ISO-00 AGR-05 AID-05

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-01 CEA-01 L-02 H-01 PA-01 PRS-01 USIA-06

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R 060712Z MAR 75

FM AMEMBASSY CANBERRA
TO SECSTATE WASHDC 5222
INFO AMEMBASSY BUENOA AIRES
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY OTTAWA
AMEMBASSY TOKYO
AMEMBASSY WELLINGTON
USMISSION EC BRUSSELS
USMISSION GENEVA

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PASS: AGRICULTURE FOR MEEKER

E.O. 11652: N/A

TAGS: EAGR, ETRD, EGEN, AS

SUBJECT: USSR-AUSTRALIAN BEEF CONTRACT

REF: CANBERRA 1276

1. AGRICULTURE MINISTER WRIEDT ANNOUNCED LATE MARCH 4
THAT GOA WILL PROVIDE LOAN OF UP TO \$A3 MILLION TO AUS-
TRALIAN MEAT BOARD TO ASSIST IN MAKING EXPORT SALES.
ALTHOUGH MINISTER DID NOT MAKE SPECIFIC REFERENCE TO LOSS
ON USSR SALE, AMB OFFICIAL CONFIRMED PRIMARY PURPOSE OF
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LOAN IS TO COVER DEFICIENCY BETWEEN AGREED CIF CONTRACT

PRICE AND PURCHASE OF MEAT FROM AUSTRALIAN PACKERS ON FAS BASIS. PRELIMINARY ESTIMATE OF LOSS COMPRISING AMB PAYMENT OF EXPORT LEVY, WHARF CHARGES, FORWARD EXCHANGE COVER AND PART FREIGHT COSTS ABOUT \$A2.8 MILLION, BUT COULD GO HIGHER IF THERE ARE SHIPPING DELAYS OR OTHER PROBLEMS.

2. ANNOUNCING THE LOAN MINISTER WRIEDT INDICATED LOAN TERMS AND CONDITIONS WILL BE FIXED BY TREASURER, AND REPAYABLE OVER A PERIOD TO BE DETERMINED, BY AN INCREASE IN THE LIVESTOCK SLAUGHTER LEVY FOR RESEARCH AND PROMOTION, WHICH PRESENTLY STANDS AT 46 CENTS AUSTRALIAN PER HEAD AND IS PAID BY PERSON WHO OWNS CATTLE AT TIME OF SLAUGHTER. THE MINISTER GAVE AN ASSURANCE THAT THE LEVY WOULD NOT BE INCREASED UNTIL THE BEEF MARKET HAD "FULLY" RECOVERED. MINISTER WRIEDT SAID THE AMB COULD USE THE LOAN TO FINANCE THE FIRM SALE OF 40,000 TONS OF BEEF IT IS COMMITTED TO SHIP TO THE USSR OVER THE NEXT EIGHT MONTHS.

3. COMMENT: AGATTACHE OFFICE LEARNED THAT THE DECISION TO MAKE THE LOAN WAS TAKEN AT THE POLITICAL LEVEL IN DISCUSSIONS BETWEEN THE MINISTER AND THE TREASURER. IN THE PAST WEEK THERE HAS BEEN CONSIDERABLE PRESSURE FROM MEAT INDUSTRY UNIONS FOR ASSISTANCE TO THE AMB, AND THE MINISTER STRESSED IN HIS STATEMENT THAT LOANS TO ASSIST EXPORT SALES BROUGHT BENEFITS TO MANY SECTORS OF THE INDUSTRY, PARTICULARLY BY PROVIDING ADDITIONAL WORK IN ABBATTOIRS AND OTHER SERVICES ASSOCIATED WITH OVERSEAS TRADE. AS THE DEAL WAS MADE BY THE MINISTER, GOA OFFICIALS IN ADA AND TREASURY HAVE BEEN UNABLE TO EXPLAIN MEANING OF STATEMENT THAT LEVY WOULD NOT BE INCREASED UNTIL BEEF PRICES FULLY RECOVERED. IT APPEARS THAT LOAN COULD REMAIN AMB DEBT FOR MANY YEARS, AND PRIMARILY MADE AVAILABLE IN THIS MANNER TO AVOID POSSIBLE REPERCUSSIONS IN MTN'S BY BEING INTERPRETED AS NEW DIRECT SUBSIDY FOR BEEF EXPORTS.
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